

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**THE STANDING COMMITTEE ON PUBLIC UTILITIES AND NATURAL RESOURCES**  
**Thursday, 9 April, 1981**

**Time — 10:00 a.m.**

**CHAIRMAN — MR. WARREN STEEN**  
**(Crescentwood).**

**MR. CHAIRMAN:** Committee come to order please.  
Mr. Pawley.

**MR. HOWARD PAWLEY (Selkirk):** Mr. Chairman, first I want to ask Mr. Kristjanson whether or not he has canvassed the former board members as he committed himself to do on Tuesday, pertaining to the matters that were raised before the committee then.

**MR. K. KRISTJANSON:** Mr. Chairman, in the discussion we had, Mr. Pawley, I volunteered to contact them and I got the very distinct impression from your comments that that would not be required. As I recall your statement, and I don't have it in front of me, you indicated that they would have to be making comments on the basis of their recollections and you preferred to have me contact Mr. Martin and have Mr. Martin appear before the committee. So I have not contacted any of the members who were members of the Board.

I distinctly recall you indicating that your preference was to have Mr. Martin appear before this committee.

**MR. PAWLEY:** Mr. Chairman, that was certainly preference, not only Mr. Martin but the former Board members all appear before the committee. I had understood on Tuesday that that request was being refused, that Mr. Craik, and you, Mr. Kristjanson, indicated that that was not acceptable, and it was my understanding that as an alternative you would be canvassing the Board members. If that has not been done, then I simply have to ask then if there has been a reconsideration of the position that was assumed on Tuesday to the effect that you would refuse to permit the appearance of former chief legal counsel Steward Martin, before this committee?

**MR. KRISTJANSON:** Mr. Chairman, I have no power or responsibility to refuse to permit Mr. Martin or any other citizen to speak his mind.

**MR. PAWLEY:** Mr. Chairman, I think that it would be then fitting at this point to deal with some of the events that apparently have occurred since Tuesday. If you recall on Tuesday, the first questions that were dealt with by way of answers from the Chairman and the General Manager were to the effect that no legal opinion had ever been received by Manitoba Hydro, nor had a legal opinion been sought. Unfortunately, we don't have the transcripts yet of the committee hearings on Tuesday, but that's my recollection, Mr. Kristjanson and Mr. Blachford, of your responses. If it's not, then I would like to be corrected because we don't have the transcript in front of us.

Further to that, there was continued discussion in committee, Mr. Brown offered advice to the

committee that there indeed had been opinions that had been expressed by chief legal counsel Steward Martin to the Board which, by the way, is quite contrary to the information that you had supplied to us earlier.

Then further, we have received reports since then that Mr. Hoogstraten recalls clearly that legal opinion was presented to the Board members, by then chief legal counsel; we have also information to the effect that the former Chairman of the Board acknowledges, yes, legal opinion was received. He's unable to recall whether it was by way of written memo or not; and in fact the former chairman indicates that he conveyed that legal opinion to the Minister, Mr. Craik, which carries this a step further, as we seem to be moving step by step, reluctantly along this approach.

Now this morning we have a report that another Board member, Mr. Scott, not only recalls the legal advice being given to the Board, but also recalls distinctly, as indeed did the former Chairman, that the recommendation was that a court action be commenced in order to quash the proceedings that there were then underway by the Tritschler Commission, due to the fact that the then chief legal counsel felt that those proceedings were illegal.

Mr. Scott advises in the report, and all I can do at this point is depend upon a newspaper report, that the former Chairman returned to the Board from the Minister, and reported to the Board that the Minister was quite negative, of course, to any suggestion that any application be entertained, and indeed informed the Board that they be replaced as Board members if any such application was attempted.

So Mr. Chairman, what we have had is a sequence of events; first, a flat denial by the Chairman or the General Manager, any legal opinion obtained or sought. Mr. Brown, I appreciate this, did offer some light after prolonged discussion Tuesday that indeed the answers were not full or complete, despite the fact that the Minister — and again I must depend upon notes and memory — had attempted to assure us that you, Mr. Kristjanson, and the Chairman, Mr. Blachford, had provided, as I recall, as I don't have the transcript, total and complete answers to this committee.

Subsequent to that we have heard reports, Mr. Hoogstraten, Mr. Scott, the former Chairman of the Board, all those reports seriously challenge the credibility of the answers that were provided to the committee on Tuesday.

Mr. Chairman, I do not see, under these circumstances, how the government can refuse to concur with a resolution that we intend to present at some point this morning in this committee, ordering the attendance of Mr. Steward Martin, chief legal counsel, former Board members, including the former Chairman who I now understand is in British Columbia, so that we will be able to deal with this firsthand. We'll be able to hear from the members firsthand; so that we don't have to depend upon answers that are now seriously, in fact I believe have been totally discredited, or newspaper reports.

This committee has the right, Mr. Chairman, to have the opportunity, on behalf of the public in Manitoba, to obtain full and complete information because, contrary to what the Minister said, it's clear and obvious that the answers given were not complete, were not total, were not fully adequate.

So Mr. Chairman, I put this to the Minister, whether we can at this point, agree that the individuals referred to be called before this committee?

**MR. CHAIRMAN:** Mr. Craik.

**HON. DONALD W. CRAIK (Riel):** Mr. Chairman, let me speak to this, which is turning out to be pretty nonsensical. The information that has been brought forward is really not much different than what was before the committee the last day. However, there are some things that should be straightened out.

The Leader of the Opposition refers to a comment that is attributed to Mr. Dennis Scott, that used to be on the Board of Hydro; and I notice that Mr. Green, the other day, felt compelled to make reference to the fact that Mr. Smellie had been a former Conservative Cabinet Minister. I want to say that if we're going to introduce some political motivations into this thing we should point out that Mr. Dennis Scott was also the Member for Brandon East's campaign manager and a very active NDP member, and was on the Board by virtue of his political association with the former government.

But I want to, regardless of that, point out that never at any time did I ever meet with Mr. Scott to discuss this matter, nor at any time was there ever any suggestion through any other party that somehow the Board would be replaced if they didn't take a certain course of action. That is absolute nonsense.

I notice that the former Chairman, in the remarks that he's attributed with in the same article that I read, has not corroborated Mr. Scott's comments, for obvious reasons, if it's not a fact he is certainly not going to fabricate it. But this is utter nonsense for Mr. Scott to make this kind of a comment.

There was a suggestion last day that legal counsel at that time was concerned about a number of things and that information I was aware of; but to go beyond that and suggest that this thing had gone to the point where there was a recommendation, or a legal opinion that a certain course of action should be taken, was dealt with last day, I think dealt with adequately by Hydro who did say that a legal opinion was not sought, was not documented. The person in question could have said anything to the board members; that was within the Board's jurisdiction to hear those things; that's certainly their business, but this question of somehow it being suppressed by threat to the Board is nothing short of nonsense.

**MR. PAWLEY:** Mr. Chairman, I'm surprised at the tenor of the Minister's response. The most startling response that we've just received from the Minister is that the questions were properly answered on Tuesday. Mr. Chairman, we couldn't be further away from having received proper answers on Tuesday. We're working at a disadvantage, but my memory is very good on this matter, and I think other committee members as well, remember very clearly. Mr. Kristjanson, Mr. Blachford, made comment to

the effect that no legal opinion sought or received. Then the Minister tells us that the questions were properly answered on Tuesday. Is the Minister suggesting that we still should content ourselves with that answer when, subsequent to that, one, two, three, four, Board members, former Board members, either in committee or in reports that we have received, indicate very clearly that a legal opinion was given. Others recall the more specific details of that legal opinion which was given and received by Manitoba Hydro.

There's recollection of the steps that were urged upon the Hydro Board by their chief legal counsel, specific recommendation that an action be commenced in the courts of the Province of Manitoba in order to quash the proceedings on the basis that the proceedings at that time were under way were in excess of the terms of reference. Board members recall that.

Mr. Chairman, the Minister has indicated that the former Chairman does not corroborate Mr. Scott's advice. Mr. Chairman, I read the very opposite to the report which we received this morning. Contrary to what was said by the Minister on Tuesday, if not explicitly then certainly impliedly, the former Chairman says, yes he did meet with the Minister; yes, he did acquaint the Minister of the legal opinion. I don't have the report just in front of me at the moment, but I recall from that report that the Minister is quoted as having been unenthusiastic. I guess the Minister was unenthusiastic, that's understandable, the Tritschler Commission was his baby.

Yes, he is unable to corroborate Mr. Scott's contention that matters went even a step beyond that, in that the response then to the board members was, the board members might very well be changed if the recommendation was adopted.

But it's interesting, Mr. Chairman, that the former chairman does not deny Mr. Scott's allegation. If that allegation indeed was incorrect, then I think we could reasonably assume that the former chairman would say, yes, I met with Craik, yes, Craik was unenthusiastic, but Craik never did threaten the board with firing. But does the former chairman say that, Mr. Chairman? The former chairman is unable to confirm or deny.

Mr. Chairman, I would say to you that indeed that's a serious threat, fire the board. If that was not put to the chairman, then the chairman could certainly be able to recall and would deny such a report but that's not what the chairman did. The chairman refused to either affirm or deny the report.

Now, Mr. Chairman, this brings us to the nub of this matter. I don't want to deal with newspaper reports. I'm sure government members around this committee table don't want to deal with newspaper reports in respect to this. They're capable of being misinterpreted. They're not first-hand reports. But what those reports have done as well as the grossly misleading statements that were made in this House Tuesday, have cast a serious cloud, a serious cloud which is hovering over the heads now of the Chairman of Hydro, the General Manager of Hydro and yes, the Minister responsible for Hydro.

Mr. Chairman, if the government and Manitoba Hydro, through their officials present, are intent upon ensuring that cloud is removed, then let them agree,

in fact, urge — in fact I had to some extent anticipated that they would be urging first thing this morning — that indeed we do open up the committee proceedings; that we do indeed bring before this committee former board members and chief legal counsel that can indeed put proper light on this matter so we're not dealing with newspaper reports, so we're not dealing with conflicting statements before this committee, so we're not dealing with statements that have been clearly and demonstratively been shown to be untrue. Let's have the chief legal counsel and former board members before this committee.

I'm prepared, Mr. Chairman, as Leader of the Opposition, to accept the evidence that will be presented to this committee in respect to the allegations that I have raised by chief legal counsel and former board members. The only question is whether the Minister is prepared to accept the information that may be revealed at this committee by the individuals involved.

If the Minister is intent upon wanting to remove this cloud, then again I want to repeat, the easiest way, the most straightforward way, is to ensure that the parties are brought forward. There is provision for that in the resolution that established this committee, for this committee to call witnesses. In fact, Mr. Chairman, I believe to expend moneys, to bring witnesses before the committee so that we may indeed have total and complete answers, not for ourselves, but so that all Manitobans indeed will know clearly what took place in respect to this very important matter.

**MR. CRAIK:** Well, Mr. Chairman, in the last day again I repeat there's nothing new that has been presented. Mr. Brown for instance last, they indicated that there had been a meeting and a discussion of the board on the matter, and so what else has been added since has not changed that in any way.

The other question about the appearance of a Mr. Martin as the legal counsel, that was fully discussed last day and it was left at, if Mr. Martin made a request to the Hydro Board in this connection, that the board could deal with it and I don't think that has changed. That undertaking was given by the Chairman of the Board and certainly is the proper procedure to be followed.

The request last day by the Leader of the Opposition was that he'd be released from his legal obligations that he's under, with regard to the client relationship. The decision or the conclusion that was drawn was that if he made application to Hydro as the former legal counsel, that would be the way to deal with it and I think that is still a fairly adequate procedure.

**MR. CHAIRMAN:** Mr. Kristjanson.

**MR. KRISTJANSON:** Well, Mr. Chairman, I would just like to say to Mr. Pawley in response to some of his comments, that neither Mr. Blachford or I were involved at the time of the incident that you now discuss.

We did, at the request of the members of the committee, search the record and found that there was no formal opinion requested or indeed received, and we so reported back to this committee.

Now, we were in no position to indicate the nature of the discussions that might have gone on and we still believe that it is the proper course, to have Mr. Martin indicate desire on his part to be relieved of any lawyer-client obligations which may or may not exist. But I frankly, Mr. Chairman, find it difficult to understand how this discussion is going to change the fact that structures are in place. The report has been received and I'll let it go at that, Mr. Chairman.

**MR. PAWLEY:** Mr. Chairman, the government has rested its case to a large extent upon the Tritschler Commission findings. The Tritschler Commission findings were to the effect that the Conservative Government's approach vis-a-vis Hydro was correct all along. There was suggestion that the former New Democratic Party Government had wasted millions of dollars in respect to hydro works.

Now for the first time we have advice, Mr. Chairman. The Chief Legal Counsel for no other than Manitoba Hydro expressed the most severe and the most concerted concern about those very proceedings and had urged Manitoba Hydro to undertake action to quash those proceedings on the basis that the Tritschler Commission Report which this government has relied upon, were proceeding in a method that was excessive in their terms of reference, that indeed they were acting in a way which they had no business to do so. Just by way of comment it's interesting now that Mr. Dick Scott is a member of the Board of Hydro too, then Chief Legal Counsel.

So, Mr. Chairman, to Mr. Kristjanson that's why this matter is important and Mr. Kristjanson knows, surely, as Chairman of Hydro, why this matter is important to the people of the Province of Manitoba. Now, I thought I couldn't have made it more clear on Tuesday. I believe two or three times I emphasized that the Opposition were not concerned about Mr. Martin's feelings about whether or not he wanted to apply for a release of solicitor-client relationship; that it should not depend on Mr. Martin to make application to the Manitoba Hydro Board; that there was an interest that far surpassed the interest of Mr. Steward Martin. I don't know maybe Mr. Steward Martin would be more comfortable not having to appear before this Committee. But, Mr. Chairman there is a public interest, a public interest that only this committee can deal with and for Mr. Kristjanson to attempt to evade this matter along with this Minister by saying, well, if Mr. Martin wants to apply sometime in the future, maybe a month from now, maybe six months from now, well the Hydro Board will give sympathetic consideration to Mr. Martin's request to be released from solicitor-client relationship. No deal, Mr. Chairman. Mr. Chairman, there is a public interest.

**MR. CHAIRMAN:** Mr. Craik on a point of order.

**MR. CRAIK:** On a point of order, Mr. Chairman. The decision in this regard last day came about at the urging of the Leader of the Opposition.

**MR. PAWLEY:** Mr. Chairman, I ask first if that is a point of order.

**MR. CHAIRMAN:** Yes, the Chair rules it as a point of order.

**MR. PAWLEY:** That is a point of order.

**MR. CHAIRMAN:** Yes.

**MR. PAWLEY:** Mr. Chairman, then it's a very very peculiar point of order. I must say that I'm not familiar with basis in the past for any such point of order and the transcript will clearly demonstrate, Mr. Chairman, that I am saying this morning what I said Tuesday; that we ought not to be dependent upon Mr. Martin's feelings; that we ought not to be dependent upon Mr. Martin's whim, and beyond that not dependent upon whether the members of the present Board of Manitoba Hydro agree to release Mr. Martin. In fact, Mr. Chairman, I would be prepared to say on the basis of what I have witnessed, on the part of the Chairman of Manitoba Hydro, that it would be most unlikely that the Board of Manitoba Hydro would release Mr. Steward Martin if he made such an application to the board, because there appears to be a greater interest in stonewalling than there is in ensuring that we arrive at the truth of the matters that are before us.

So, Mr. Chairman, the only way, the only approach that is reasonable, is sensible, is in the public interest, is not to leave this up in the air to the Hydro Board or Mr. Steward Martin, but for this committee to order the attendance of all those that can ensure that we obtain clear, complete total answers.

Mr. Chairman, I'm puzzled as to why the Minister himself would not be saying, let's do that, I want to clear the air. If the Minister is suggesting that there is nothing new, that there's nothing of consequence that has occurred before this committee, then the Minister is living in a dreamland. Let's get down to reality.

There are now serious questions as to the procedures that were followed by the Tritschler Commission. There are serious questions and allegations pertaining to threats to remove board members of Manitoba Hydro if they acted independently from the political head, the Minister responsible. There are serious questions relating to the credibility of the President and the General Manager at Manitoba Hydro. There are serious questions pertaining to the entire administration at Manitoba Hydro as a result of the information which has been unfolded, Tuesday, as well as this morning. Mr. Chairman, if the Minister, the Chairman, the Manitoba Hydro thinks this matter can be simply brushed away as being of no consequence, then I'm afraid that they have another message coming to them.

I would hope that would not be necessary because there is a public interest that must supersede all that we are doing here and that public interest is to get the truth. So again, Mr. Chairman, for what reason would we want to deny Mr. Martin being ordered to appear before this committee, whether he wants to or not; Mr. Wedepohl who might be quite co-operative although he's in British Columbia presently; We can bring in witnesses from outside the province; pay their air fare; bring in Mr. Hoogstraten; bring in Mr. Scott; Mr. Brown. We've already had the advantage of Mr. Brown's testimony. Let's have all the members present. It's in the Minister's interest; it's in the interest of Manitoba Hydro and it's certainly in the public interest.

**MR. CRAIK:** Well, Mr. Chairman, first of all I want to disagree on one point with Mr. Pawley and that is

the point that somehow the present General Manager has an exposure in this matter and I want to repeat that the present operations of Manitoba Hydro is new and were not present at the time of the matter being discussed, which is over two years ago — I presume it relates back to about January of 1979 — and therefore can hardly be held responsible for any actions that proceeded at that time and have answered straightforwardly with regard to the matter that there's no evidence of a legal opinion being requested nor any evidence of one having been received with regard to whether or not there were discussions other than that.

Those discussions were indicated at the last meeting and there is really no new evidence in this matter except a reputed statement by one of the board members that they were under some threat from the Minister which of course as I said, is a lot of nonsense. Now, with regard to drawing conclusions to representation to the Public Utilities Committee, again we're going to have to repeat the discussion of the last day. This has been a committee that has not historically, as a matter of fact, not only not historically but bent over backwards during the period of the last administration, there was reference made by Mr. Green that Mr. Campbell had appeared. He was very careful not to indicate that Mr. Campbell, this Public Utilities Committee, in order to hear Mr. Campbell, adjourned as a committee and heard him as another committee, and that's how tight the operation of this committee operated all during the years of the former government.

As a matter of fact no one, no one but the Chairman of Manitoba Hydro was allowed to speak at the committee for many many years. The work of the committee is pretty clear-cut. If there is the prospect of wanting to open discussions on all of these matters regarding the work of the Tritschler Inquiry Commission, of course, we would have no end of people that would have an opinion to be voiced in the matter, and we could certainly have a very interesting discussion, I'm sure, but they would be from both sides of all issues that were dealt with by the Inquiry Commission. I don't really think that it's the intent of this committee, it's certainly not the purpose of this committee, to be looking at; the purpose of this committee is to deal with the Annual Report of the Manitoba Hydro which, at this point in time, is for the year ended 31st March, 1980.

**MR. PAWLEY:** Mr. Chairman, first I want to say to Mr. Kristjanson that I have an unedited transcript of the questions and answers from Tuesday and, according to this unedited transcript, there appears to have been an undertaking on your part.

**Mr. Walding:** Mr. Chairman, if Mr. Kristjanson cannot see that something that is sent is not necessarily received, then I wonder whether the Hydro board is in good hands?

**Mr. Kristjanson:** I have said that if there was any formal opinion given by legal counsel at that time that the answer to that has been given on the basis of what management has found from the records. And I would confirm that or seek further clarification by contacting the people who were serving on the board at that time, that's my undertaking.

Now it may be that Mr. Kristjanson has simply forgotten the commitment undertaken, the words that he used Tuesday morning.

**MR. CHAIRMAN:** Mr. Kristjanson.

**MR. KRISTJANSON:** I have not forgotten that I had made such a statement, but I was under the clear impression, as the discussion progressed, and I don't have either the unedited or edited transcript, but I was under the clear impression that the members were conveying the message to me that it would not be particularly fruitful to call those people, but it would be more fruitful from your point of view to have Mr. Martin appear before the committee, and you pursued that at some length and you asked whether — that's my understanding of the discussion, Mr. Pawley. But you have now, I gather, from the newspaper, or someone has, contacted these people and I'd still be prepared to call those people.

**MR. PAWLEY:** Mr. Chairman, we were not satisfied with Mr. Kristjanson simply telephoning and canvassing the Board members, that's true. We had thought at least he was going to go as far as he had offered to do. We would still have insisted that the Board members be present so we could hear directly from the Board members and from Mr. Martin.

So Mr. Kristjanson is wrong to the extent that the Opposition said no, don't do it. What the Opposition were saying is go beyond that, bring the chief legal counsel before this committee, in view of the serious matters that we are now dealing with.

Now I would have thought that there must be a misunderstanding or lapse of memory that Mr. Kristjanson would have at least gone as far as his undertaking, and he explains that he felt he was released from that undertaking some way or other.

**MR. KRISTJANSON:** Mr. Chairman, may I just clarify this. The responsibility of the Manitoba Hydro is to report to this committee on the affairs of Manitoba Hydro as factually as we can. It is not our responsibility to determine who shall or shall not appear before this committee. That, sir, is in my view the responsibility of the committee itself. So the question of whether or not I, as a person, or as Chairman of Manitoba Hydro, will bring Mr. Martin before this committee because I, Mr. Chairman, in response to Mr. Uruski's question, why don't I? Because it simply is not within my responsibility or power to do so. That's a question for the committee to determine.

**MR. PAWLEY:** Mr. Chairman, I was interrupted by Mr. Kristjanson. I hadn't completed my remarks. If I could carry on now.

**MR. CHAIRMAN:** Carry on, Mr. Pawley.

**MR. PAWLEY:** Mr. Chairman, I was also astonished at the remarks by the Minister of Finance. I had not had the opportunity to carefully go through the unedited transcript of questions and answers but I have the very clear recollection that Mr. Craik identified, I believe his words were, fully and totally, that he felt the answers given by Mr. Kristjanson and Mr. Blachford were full and complete, and I believe that the transcript will bear that out.

Mr. Craik has kind of dismissed the reports. But what do the reports indicate? Again, at second best, we should have the individuals before this

committee. The reports indicate — and if Mr. Craik wants to just wash out Mr. Scott, that's up to him. Mr. Scott is a very, I would suggest, was a very credible Board member, a thermal engineer, but if he wants to dismiss Mr. Scott, the former Chairman of this Board indicates that he took the legal opinion rendered by Steward Martin, which legal opinion it was denied had ever been received by Manitoba Hydro, to Mr. Craik . . .

**MR. KRISTJANSON:** Mr. Chairman, may I please interrupt. What we said was that there was no formal legal opinion requested or received

**MR. PAWLEY:** Mr. Chairman, the Minister tossed around the word "formal" on numerous occasions, too. I don't really know what becomes formal receipt of a legal opinion and informal receipt of a legal opinion. Does it mean that if the legal opinion was given to the Minister over dinner at the Charterhouse, in kind of a friendly get-together, that that's not a formal receipt? On the other hand, if it's received in the Minister's office, that would have been formal?

I don't know what this definition of formal is. All that I know, cutting out the doubletalk, that there was a legal opinion that was given and it reached the ears of Board members, and according to Board members, it reached the ears of the Minister. If the Minister wants to suggest he didn't receive it formally he's opened up many questions as to just what is an informal receipt of this legal opinion. I'm afraid I can't deal with that sort of thing. That's trying to deal with fluff. You think you've got it in your hand one moment and the next moment you don't have it, it disappears, woof, it's gone. Let us get the answers straight from the Minister and Chairman and Manager. Dismiss Mr. Scott's report. Mr. Craik suggests that he's just as biased as Mr. Smellie. It's interesting that Mr. Craik was quite prepared to depend upon Mr. Smellie's report back to the chairman of the board on Tuesday, thought that was quite all right that we should wash our hands when Mr. Kristjanson indicated that he had spoken to Mr. Smellie, not Mr. Steward Martin, but to Mr. Smellie. I must say, Mr. Chairman, I never questioned whether Mr. Smellie had a bias or not. It came from another member of this committee.

But what I did say, Mr. Chairman, is that Mr. Smellie was the second man, that Mr. Smellie was only filling in when Mr. Martin was not present. Indeed my understanding is that Mr. Smellie was not involved in providing that legal opinion to the members of the board. It's my understanding that Mr. Smellie was not engaged in preparing that legal opinion nor did he accompany Mr. Martin to the Board of Hydro in the presentation, so the relevancy of Mr. Smellie is way down the road because he wasn't the material person, material witness to the matters before us.

So, Mr. Chairman, I would say, just as I did not discount Mr. Smellie if he had been first-hand in the proceedings, if I were the Minister I would just not discount Mr. Scott. But Mr. Wedepohl says yes, I was to the Minister, yes I did give the Minister legal opinion. I don't know whether they have the report. I dislike going to newspaper reports but it seems all that we have at this stage. The Minister was unenthusiastic. I guess the Minister was

unenthusiastic. I guess, Mr. Chairman, it didn't require much of a reading then on the part of board members that the Minister wasn't enthusiastic as to what they had better do. The Minister didn't say. The board of Manitoba Hydro is a separate entity. We are opposed to political interference. You do what you think is best, according to the former chairman. When the former chairman the Minister was unenthusiastic according to Mr. Scott the Minister threatened to fire board members. The Minister may deny that took place.

**MR. CRAIK:** Not only may, he did.

**MR. PAWLEY:** The Minister says he did and does. Then, Mr. Chairman, I want to hear from others beside the Minister. I think that's a reasonable request. It would be reasonable for the Minister if he was anxious to clear away the cloud in this matter, to concur yes, let's bring the parties to this committee.

**MR. CRAIK:** Mr. Chairman, first of all I want to tell the Leader of the Opposition that I don't have dinners at the Charterhouse; that was a quirk that was practised by the former government. So maybe it's a Freudian slip on his part. Secondly, he talks about fluff and I have to tell him that he's an expert at that and that's what he's giving us forth at this committee.

He's full well aware of the purpose of this committee, well established over the decades and particularly so by the last government with regard to representation before the committee. The committee has a specific purpose and that's to deal with the Annual Report of the Manitoba Hydro which is what's before us.

With regard to all these other matters, we have spent several hours on this now starting at the last meeting and there's been absolutely nothing new that has been added today as a result of all the exchange that has gone on.

**MR. CHAIRMAN:** To the members of the committee, can we start to deal with the report, maybe on a page by page basis?

Mr. Walding.

**MR. D. JAMES WALDING:** Mr. Chairman, I wonder if after the revelations that came out on Tuesday following other revelations, it seems that there's a new chapter that opens every meeting, a little bit more information comes out each time and has a certain familiar ring to it.

I wonder if Mr. Kristjanson had staff go through the records again perhaps a little more carefully seeking this particular document because since Tuesday I have spoken to two people who have told me that they have actually seen this document. Mr. Chairman, it wouldn't surprise me at all if that document were to surface at some time in the near future. Documents have a habit of doing that. More people that know about it the more things that come to light.

I concur with Mr. Pawley's recollection of Mr. Kristjanson's undertaking from the last meeting. He said that he wasn't prepared to go as far as asking Mr. Martin to appear before the committee but he most certainly would contact the previous members

of the board which I believe we accepted that would happen. We expected this morning to receive a report from Mr. Kristjanson as to what those four board members had told him from their recollection of that meeting.

So perhaps Mr. Kristjanson can inform us whether he has ordered a further study of Manitoba Hydro's documents, to try to pin down this illusive document.

**MR. KRISTJANSON:** Mr. Chairman, I repeat that I did not contact the former members of the board for the reasons stated earlier. We had indicated that the records had been searched and there was no formal opinion either sought or received. I will ask Mr. Blachford whether he has any further comment on that because the search was as complete as we could do it at that time. If there's any evidence to the contrary I'd like to hear it now.

**MR. CHAIRMAN:** Mr. Blachford.

**MR. L.D. (Laurie) BLACHFORD:** Yes. I've asked staff to look through their records to see if there was any evidence of this opinion that is alleged to have been given and they don't have any copy of any such opinion.

**MR. WALDING:** Mr. Chairman, when the statement was made to the committee, I believe it was at the beginning of Tuesday morning's meeting, had we taken that statement at its face value, that statement to us clearly implied that there was no such concern and no such legal opinion, no involvement with the Minister, had we stopped there we would have received that clear impression from Hydro on that particular matter. As it transpired there were further questions and further information that came to us, that showed that statement was misleading to the committee.

Now, there is one further example of the committee being misled by statements from the Chairman and Mr. Blachford, we had one or two other instances of that at previous meetings and you know, no one should be surprised that we are a little skeptical about reports coming to this committee of what happened in the past. Mr. Craik had said that he did not speak to Mr. Scott about this; he didn't threaten Mr. Scott; never talked to him and gave us the impression that he doesn't think very much of Mr. Scott anyway. Now, that was not the suggestion, Mr. Chairman. The suggestion that was made was that this report from Mr. Martin was a verbal report perhaps, and probably backed up by a written document and that the Board was concerned and that the Chairman of the day went over to express the Board's concerns to the Minister and that the Minister's, what was the expression — less than enthusiastic response or something like that — was then communicated to the Chairman of the Board and that it was the Chairman of the Board who took back the Minister's displeasure to the Hydro Board of the day.

Now, Mr. Craik has skirted around and declined to answer and cannot confirm other questions. That is our impression of what happened at that time; the Minister has not denied it and that's the way it stands on the record. There are perhaps ways of really getting to the truth of this matter and my leader has suggested one of them and that is that

the committee request the presence of some of the principals involved at the time and let us have it firsthand from them. That would shed considerable light on it but I would suspect that the Minister will rally his troops and certainly veto any such suggestion made by the committee.

**MR. CHAIRMAN:** Are we ready to deal with the report now? Mr. Pawley.

**MR. PAWLEY:** I want to read into the record some of the questions that were posed on Tuesday in responses by the Minister and that the Minister then doesn't understand the seriousness of this matter, and you, Mr. Chairman, still wish to press ahead with other matters, then I would think that you would be missing your responsibilities. The Minister on Tuesday morning indicated, in respect to legal opinion, there was no request for that kind of opinion; no opinion was rendered; there was no recollection by a Board member, who was the only person on the Board at that time, of such having taken place — that's from the Minister. Again the Minister said, "Well, Mr. Chairman, I can tell the Leader of the Opposition directly that the former legal counsel certainly did not in any direct way advise me of his feelings in this regard. I'm quite aware of the fact from the former Chairman of Manitoba Hydro that Mr. Martin left under a high degree of disturbance over the affairs with regard to representing Hydro and the work of the commission and so on." He goes on, later in the same response to say, "As you can see just so much record is complete, there is no evidence in Hydro of any, at least of formal concern, being expressed about the terms of reference of the commission, although it is quite possible he may have, on a personal basis, expressed those terms."

Then question: The Minister indicated that it was not brought to his attention that chief legal counsel then for Manitoba Hydro recommend that proceedings be initiated within the court in order to question the proceedings of the Tritschler Commission.

**Mr. Craik:** Mr. Chairman, certainly not in any formal way, not either directly by that legal counsel nor directly by the Hydro Board, but as I say there is no doubt about the question that he was disturbed about the work, his work, Hydro's position, some of the things that were occurring as a result of the inquiry and whether or not the terms of reference of the Tritschler Inquiry Commission were his concern. I can't tell you; it may well have been wrapped up in his entire concerns about it and may well have been one of the reasons for his leaving. You will have to ask him.

As it turned out that telling you to go and ask him turned out to be rather fruitless advice because the Chairman of the Hydro Board, and maybe quite properly, pointed out that there was no assurance that Mr. Martin would be released from any confidentiality so to tell me to go and speak to Mr. Martin is probably like telling me to go to speak to the Queen of England on this matter. It probably would be just as beneficial.

So, Mr. Chairman, the Minister has certainly, by his words Tuesday, attempted to leave the impression that he was not aware of any legal opinion. After Mr. Brown had spoken out he said he was aware of a

disturbance, that the legal counsel was disturbed — well that can mean many things — but not aware of any legal opinion. We do have the former Chairman of Manitoba Hydro stating in today's report. Wedepohl agreed the Minister was very unenthusiastic about the proposal for legal action by Hydro, but he couldn't say whether Craik had quashed the idea on threat of firing Hydro's Board, unenthusiastic about the opinion. The Minister told us he wasn't aware of opinion, he was only aware of some sort of disturbances on the part of chief legal counsel.

So, Mr. Chairman, I know you're anxious to proceed with the proceedings but as long as a cloud such as this hovers over the heads, administrative and political, at Manitoba Hydro it would be most unreasonable to proceed with other matters under these circumstances. Wedepohl, Scott, both indicate that the Minister was fully informed. Opinion: one says the Minister was unenthusiastic; the other says the Minister threatened firing. The Minister denies firing. He hasn't answered whether he received the legal opinion now, this morning, that Mr. Wedepohl says that he did receive and I trust the Minister is not going to split hairs whether the legal opinion was given to him in writing or verbally; whether it was given to him formally or informally; whether it was given to him technically or not technically. That's a fluff that we can't deal with; that doesn't give us truth; that doesn't provide us with any facts; that's evasiveness, any eight-year old would recognize that. —(Interjection)— The Member for Elmwood says that's squirming. I think the First Minister referred to it as weasling a week ago in the House; let's get some answers.

And Mr. Kristjanson, again assuring us that he has gone through the Minutes of Hydro. You know, if you don't want to uncover something, make sure you look where you know you won't find anything, then come to the committee and say: Well, I've gone through all the files, I've looked through all the Minutes, there's just nothing there. Committee members just rest content you've nothing to be concerned about because I've gone through all the Minutes, checked with Mr. Blachford to confirm that there was nothing in the Minutes. I don't think Mr. Walding on Friday when he raised this matter suggested that anything might be found in the minutes. It was a special meeting of Manitoba Hydro. Mr. Steward Martin was present; Mr. Steward Martin provided the legal opinion. It's our understanding from written document. Legal opinion was received contrary to what was indicated to the board members of Manitoba Hydro. I don't know whether anything was written down in the minutes. It probably would have been felt more discreet if nothing was written down in the minutes. So that means nothing to us, no point in trying to reassure us again and again that there was nothing in the minutes.

So, Mr. Chairman, we again ask that the members be brought before this committee, chief legal counsel or alternatively and I'll ask the Minister if he would consider this, before we meet again on this matter if we would be able to obtain an assurance that Manitoba Hydro would have released Steward Martin from client-solicitor privilege so that Steward Martin can freely speak to this committee or to anyone that he deems fit in order to shed light on this matter.

**MR. CRAIK:** Mr. Chairman, on Mr. Pawley's last question, I certainly have no reservations but I think the proper procedure would be for him to request it. My goodness, if anybody knows this it ought to be Mr. Pawley, that certainly if he in any way feels suppressed or aggrieved or anything else about the matter, he has procedures that he can follow and perhaps with Mr. Pawley's urging if he wants to do so. So if that's the case so be it; we've discussed all this the last day and nothing has really changed.

If Mr. Pawley reads the Hansard from last day and I haven't yet got a copy of the Hansard — he has an early draft of it I presume — whatever he read I didn't find any real dispute with anything he read from there. I think it's probably not a bad reflection of the general context of the conversation at the last meeting and if you were listening to it that's exactly what we've been discussing here today. So again there's nothing new.

**MR. PAWLEY:** Is the Minister or the Chairman of Hydro prepared to ensure that — we can recess for a few minutes if the chairman wants to phone board members, wants to assure us that — Mr. Martin will be released of solicitor-client relationship?

**MR. CRAIK:** Mr. Chairman, Mr. Pawley has the cart before the horse. He keeps trying to do it that way. It has to be the other way around. You can't indicate. It's hypothetical until such time as there is a request and there obviously is not one at this point in time and I don't think that anyone should be forced into the position of feeling coerced to take that kind of a move until there is a voluntary request and, as has been indicated, let the board deal with it. The former board is the client and the former solicitor is on the other end of it.

**MR. CHAIRMAN:** Mr. Uruski.

**MR. BILLIE URUSKI:** Mr. Chairman, I appreciate the Minister's comments. At least we have the Minister's undertaking that he has no difficulty of allowing Mr. Martin to be free to speak to anyone he wants with respect to these matters. Am I correct from his understanding? He has no difficulty in terms of his decisions and his responsibility that he would allow that to happen. Am I correct from that assumption?

**MR. CRAIK:** Mr. Chairman, I indicated last day I had no part in Mr. Martin's engagement and no part in his leaving. He was presumably requested to ask by a former board at their decision and when the severance took place the conditions under which it took place were a matter for the board and the solicitor to work out. Certainly if he wishes or anyone else, I shouldn't say he, if anyone wishes to speak out on the matters they certainly wouldn't be oppressed from doing so by myself.

**MR. URUSKI:** Mr. Chairman, that's certainly not the understanding I had from the Minister before but at least it appears that he's backtracking from his original position. Can I ask the Minister again, you being the Minister responsible for Hydro, are you prepared if everything else being equal, are you prepared to give your concurrence that you see no difficulty of the releasing of Steward Martin from the solicitor-client relationship that whatever steps would

have to be taken from it, but I'm starting from the top down. If you have no difficulty then we'll go to the board and find out from the board. I want to know from you. You seem to have indicated but you've backed off that position. Are you indicating that you have no difficulty? If it was your decision would you have any difficulty of releasing him at this point and time?

**MR. CRAIK:** First of all, Mr. Chairman, that question was asked and answered last day.

**MR. URUSKI:** Can the Minister give us a clear answer because I'm not sure that I'm getting a clear answer from the Minister? Is he prepared to give his blessing that he has no difficulty with the release of Mr. Martin from the client-lawyer relationship?

**MR. CRAIK:** Mr. Chairman, I don't know how many times we have to repeat this. The engagement of solicitors by the utility have always been during the period that I have been the Minister through whom the utility reports, have made their decisions about who they retained in this regard and that was the case in Mr. Martin's case. It's coming and it's going and the other solicitors they engaged in the matter were entirely their doings. Why would I enter the picture now?

**MR. URUSKI:** Mr. Chairman, then the Minister leaves the entire matter up to the directors of Manitoba Hydro. Is that correct?

**MR. CRAIK:** Mr. Chairman, I'll repeat it for about the fifth time now. Starting with the last day's hearings, I indicated that what the board decided to do was their business; it always has been and there is no intent on my part to try and suggest who they should engage or how they should deal with their consultants, in this case being a lawyer.

**MR. URUSKI:** Mr. Chairman, now I ask Mr. Kristjanson. Being the last meeting, it's two days ago that we had the meeting. The chairman indicated he was prepared to co-operate fully with this committee. Has he spoken to Mr. Martin as he indicated that he would check further with respect to opinions and the like?

**MR. KRISTJANSON:** Mr. Chairman, the answer to that is, no, I have not spoken to Mr. Martin, nor did I undertake to do so. I indicated at the last meeting that Mr. Martin, who was engaged by another board and I was not aware of what was going on at that time, but in this particular case I see no reason to contact Mr. Martin until Mr. Martin makes some request to Manitoba Hydro on his own behalf. To do otherwise would, in my opinion, be providing some degree of impropriety in dealing with a former counsel. So again, Mr. Chairman, I repeat that if Mr. Martin wishes to seek a release from this client-lawyer relationship then we, as a Board, would entertain such a request. I cannot speak on behalf of the other members of the Board.

**MR. URUSKI:** Mr. Chairman, can the Chairman of Manitoba Hydro explain his statement of that it might be some impropriety? Can he explain that statement?



**MR. KRISTJANSON:** Mr. Chairman, I'm not a lawyer but the intent of that comment was simply to say that if 5-10 years ago someone had been employed and the employer contacted that particular person on the question of whether or not we could release him from a client-lawyer relationship, then I think that would be improper. I think it would be more proper for Mr. Martin, in this case, to make the request and I've indicated that we would consider that request.

**MR. URUSKI:** Mr. Chairman, it appears that Mr. Kristjanson is now giving me a legal opinion with respect to solicitor-client relations. Can he tell me whether Manitoba Hydro did pay Mr. Martin wages for the work that he did for them? Was there a contractual obligation between Manitoba Hydro and Mr. Martin?

**MR. KRISTJANSON:** Mr. Chairman, I would expect that is so. As a matter of fact without checking I would say that Mr. Martin would not work for nothing.

**MR. URUSKI:** Mr. Chairman, you would then consider him at your employ, would you not?

**MR. KRISTJANSON:** Mr. Chairman, this happened I believe in 1978 and he's no longer employed by the Board or by Manitoba Hydro as far as I know.

**MR. URUSKI:** Mr. Chairman, then certainly since he hasn't been employed since 1978 why should you have any hang-ups about any of his dealings with the previous board?

**MR. KRISTJANSON:** Mr. Chairman, I don't have any hang-up, I simply say that if Mr. Martin wants to make a representation we would consider that. Mr. Chairman, I repeat, in terms of our current responsibilities to the people of Manitoba, I see no particular reason for the Chairman of Manitoba Hydro to take the initiative in talking to Mr. Martin.

**MR. CHAIRMAN:** Mr. Walding.

**MR. WALDING:** Mr. Chairman, I will move that this committee order the presence before this committee the former chief counsel of Manitoba Hydro, Mr. Steward Martin, and the former Board members; namely, Mr. Wedepohl, Mr. Scott, Mr. Hoogstraten and Mr. Anderson and that such attendance take place within the next two weeks.

**MR. CHAIRMAN:** Any discussion on the motion? Mr. Kovnats.

**MR. ABE KOVNATS (Radisson):** I would like to put in my comments at this point, Mr. Chairman. Inasmuch as I've heard accusations and it appeared to me that they were accusations and condemnation of the chief executives of the Manitoba Hydro. It appeared that there were some remarks made that were degrading to Mr. Martin. I don't think that I'm here to defend Mr. Martin, he could probably defend himself a hell of a lot better than I could, but to demand that we ask him to appear to break whatever code of ethics that there is between the legal association and the client, the customer, I think is certainly out of order, to put Mr. Martin in such an

embarrassing position. I think that if Mr. Martin requested to appear before this Board that puts a different light on the matter, but for us to embarrass him by demanding that he appear so that there would be some feeling, whatever his decision is. If he refuses to appear, because of his honouring a commitment that I believe that he would honour, then I wouldn't want it to be misinterpreted. I think that we would be in wrong position to include Mr. Martin in us asking Mr. Martin to appear. I would hope that if Mr. Martin felt that he has something to contribute, that he would request to appear before this Board and then we could clear the matter of legal-employee association. But up until that point I certainly couldn't support such a motion.

**MR. CHAIRMAN:** Mr. Pawley. Prior to the Chair recognizing Mr. Pawley, Mr. Walding, could you give the Clerk a copy of your motion, please.

**MR. WALDING:** I will attempt to write it down as I recall speaking it, Mr. Chairman.

**MR. CHAIRMAN:** All right. Mr. Pawley.

**MR. PAWLEY:** Mr. Chairman, as we indicated earlier, and certainly no one has degraded Mr. Martin; if there has been degrading, it's certainly not been from the members of the Opposition, I think Mr. Kovnats is aware of that.

**MR. KOVNATS:** Then I might have misinterpreted that.

**MR. PAWLEY:** Secondly, Mr. Chairman, again this is suggesting that a matter that is in the public interest should proceed dependent upon the desire or lack of desire of a particular individual to appear before this committee. What Mr. Kovnats is doing is suggesting that we take the teeth out of this resolution in order to simply request attendance. Now, Mr. Chairman, I would be prepared to do that and to accept Mr. Kovnats' advice if indeed we found out that Mr. Martin was prepared voluntarily to appear before this committee, that's (a). I have no such indication at this point, in fact, I understand that Mr. Martin will not return to the City of Winnipeg until Friday.

Secondly, solicitor-client, before we do that we would have to have a clear undertaking from Mr. Kristjanson, on behalf of the Members of the Board of Directors of Manitoba Hydro, that they would release Mr. Martin from a solicitor-client relationship. I don't want, nor would the public, nor do the members of this committee, want Mr. Martin to appear and his being compelled on each occasion a question is posed to him, "I'm sorry, I can't answer that question because I'm bound by solicitor-client relationship." Wouldn't that be a tremendous waste of our time at this committee.

So only Manitoba Hydro can clear the air in respect to that. So (a), certainly if Mr. Martin is voluntarily prepared to attend at this committee next sitting, that's fine with us, we would accept that; and (b), if we had the assurance from Manitoba Hydro now, that they would release him of the solicitor-client relationship. If Mr. Kristjanson says he has to speak to board members we could even recess, giving him adequate time to canvass board members. I'm sure Mr. Kristjanson understands the

issues that are involved, would be prepared to make a recommendation now. We could recess, we could come back. If those two points are cleared up and Mr. Kovnats could live with the matter then, judging by his remarks, then we can get this matter off the table.

**MR. KRISTJANSON:** Mr. Chairman, it strikes me that none of us around this table do in fact know the will of Mr. Martin and I've simply said on many occasions, that until we have some expression of will on the part of Mr. Martin, then we're dealing with a very hypothetical question. I have said on previous occasions that if Mr. Martin makes a request to the board to be relieved of this lawyer-client relationship which I don't fully understand, we would consider that matter.

**MR. PAWLEY:** Mr. Chairman, needless to say, that I'm sure Mr. Kovnats being a reasonable member can see how that would be unacceptable to an opposition. You're asking us to depend upon (a) the will of Mr. Martin as to whether he will apply or not for release; secondly, you're requesting that we be content with whatever decision is arrived at by the Board of Manitoba Hydro, the current Board of Manitoba Hydro.

Mr. Chairman, that really would be overextending naivety to suggest that we just allow the matter to rest at that point and depend upon the good will of the members of the board of Hydro whenever they should meet to deal with this, it probably would determine if the matter was so complex that it should be referred for further legal opinion, we might very well have Mr. Martin at the best in attendance a year from now. Mr. Chairman, we want to clear this matter up now, not a few months from now, not a year from now, not two years from now, at the best. So, Mr. Chairman, that is unacceptable.

**MR. CHAIRMAN:** We have a motion to the members of the committee before us made by Mr. Walding. Would you like it read, or is it understood by all? Mr. Jorgenson, would you like it read?. Mr. Walding has moved and the motion is,

"That this committee order the presence before this committee of former chief legal counsel for Hydro, Mr. Steward Martin and former hydro board members, Messrs. Wedepohl, Scott, Hoogstraten and Anderson; and that such appearance take place within two weeks". Is the motion clearly understood by all members? Mr. Walding.

**MR. WALDING:** Mr. Chairman, the intent of the motion is to get to the bottom of a problem that's facing this board, something that's taken a great deal of our time already. This is now the fourth meeting of this committee and I don't recall the Public Utilities Committee ever having to meet that many times in the past, certainly not since '77 when I've been more involved with it.

We've been given non-answers, half answers, evasive answers, I'm sure that members of this committee have other questions that they would like to get to. If we find ourselves sidetracked and given non-answers and non-confirmations and irrelevant information, Mr. Chairman, let us deal with it let's get these people before the committee and let us really find out what the facts are and then we can

get down to asking those other questions that we have of the committee.

**MR. CRAIK:** Mr. Chairman, it's for purposes of terms of reference of this committee or at least the functioning of this committee and the powers it's always had over the years and the decades in fact, it's impossible to accept this motion, but I don't want to suggest in not accepting it that the opinions of these people should in any way not be regarded as being a lack of desire by the public in general to hear from them. But this committee is certainly not the committee, nor has it ever been a committee that brought in public representation even, Mr. Chairman, I would add, when there was cause for it. Of course, there is not cause at this time.

The avenues that have been spelled out for the relationship between a client and his solicitor have been gone over and over and over again and there is no point in repeating it. The only way this motion can be dealt with logically in view of the operation of this committee, is to not support the motion.

**MR. CHAIRMAN:** Are you ready for the question?

**A COUNTED VOTE was taken,** the result being as follows:

Yeas: 4. Nays: 6.

**MR. CHAIRMAN:** The motion is defeated. Mr. Pawley.

**MR. PAWLEY:** Mr. Chairman, what we've witnessed on Tuesday and again today is a cover-up, if I've ever seen a cover-up, on the part of government. I'm not going to be diverted by the usual kind of petty remarks that we hear so frequently from the Minister. What has happened by way of the stonewalling that has taken place repeatedly on this matter by the Minister, by the Chairman of Manitoba Hydro, is the leaving of a cloud over their own heads. They have left such a cloud, Mr. Chairman, that I don't see how we can usefully deal with the balance of the report of Manitoba Hydro.

They have left a cloud over the political administrative heads of Manitoba Hydro, we've witnessed a cover-up and, Mr. Chairman, let us be very precise on that. First, we had specific denials, legal advice sought or received; we had the association of the Minister responsible for Manitoba Hydro with those denials; although I assert, Mr. Chairman, the Minister fully knew that legal opinion and recommendations had indeed been provided by former Chief Legal Counsel Steward Martin. He saw fit to associate himself with those denials, that those denials continued until Mr. Brown indeed threw light on this matter on Tuesday by informing members of the committee, yes, there was discussion initiated by Steward Martin, former legal counsel.

Since, we have received reports that every board member contacted recalls legal opinions having been provided by Mr. Steward Martin, recommendations having been given to board members assert that these legal opinions were presented to the Minister responsible for Manitoba Hydro. One indicates that the Minister was unenthusiastic, the other indicates that the Minister threatened the board with firing. Mr. Chairman, the Minister says — childish. Mr. Chairman, an 8-year old, someone in Grade 2 or

Grade 3 watching these proceedings wouldn't have to be informed that there was a cover-up, the youngster would know there was a cover-up. It is unfortunate that the Minister is so close to the forest that he can't see the trees on this matter. Maybe he doesn't want to see. Maybe he prefers to continue not rocking the boat, not ensuring that as an opening up of these proceedings so the truth can be arrived at.

Mr. Chairman, we have attempted to be reasonable; we've asked that the board members be called; we've asked that chief legal counsel be called to this committee; we even tried to search out with the Chairman of Manitoba Hydro some kind of undertaking. I even suggested that we recess for a few minutes, let the chairman canvass his fellow members of the board of hydro, see whether we could be given an assurance that they be released from solicitor-client relationship, but no, the only answer we are receiving again and again is, depend upon us, if Mr. Steward Martin applies at some time, at some point, the Board of Manitoba Hydro will consider the request. Mr. Chairman, why would we want to embrace such a suggestion by the Minister or by the Chairman of Manitoba Hydro with wide open arms? Why would we be so naive to accept such a suggestion as that?

I can tell you, Mr. Chairman, what I foresee happening. The chief legal counsel for Hydro may indeed say, yes, I want to clear these matters up, apply to the board. I can see the board sitting on this matter for a lengthy period of time and the very best finally agreeing, permitting the hearing to proceed next year or a couple of years from now; or on the other hand saying, no, we're not accepting your request to be released from solicitor-client relationship; that's the more likely outcome.

If we are to judge by the comments of the chairman and the Minister responsible for Hydro; if we are to judge by the cover-up which we have witnessed which has been repeated and which is blatant. I hear a member saying, what are they trying to hide? We know what they are trying to hide. The stonewalling will continue and no doubt about that, what are they trying to hide?

This government is attempting to hide the fact that the Tritschler Commission proceedings which cost the taxpayers of the Province of Manitoba \$2 million, which commission proceedings were to say the very least, highly questionable as to their approach and as to their method; recommendations that were politically framed; recommendations that could have very well served as an appendix to the 1977 Progressive Conservative Party Policy Program; all at a cost of \$2 million to the taxpayers would be demonstrated to be what it is, a political document — the commission proceedings indeed — moving on in excess of their terms of reference, even according to the legal advice of chief legal counsel for Manitoba Hydro, no question about that. We've finally slowly and slowly been able to dig enough out that we can safely assume that to be the case. It would have demonstrated the shallowness, the hypocrisy of what the government has been doing. It would reflect upon other policies and other attitudes and other approaches that this Conservative government has proceeded along, pertaining to Manitoba Hydro.

Mr. Chairman, the statements by the Minister raise serious questions as to the Minister's own credibility, raise serious questions as to whether the Minister responsible for Manitoba Hydro grossly and knowingly misled this committee.

Therefore, Mr. Chairman, I move that this committee suspend further hearings at Manitoba Hydro until the House has had an opportunity to consider the matter pertaining to the statements for the Minister responsible for Hydro and that such proceedings be discontinued until report is received back from the House.

**MR. CHAIRMAN:** Mr. Pawley, would you write that motion out for the clerk please?

Mr. Craik.

**MR. CRAIK:** Well, Mr. Chairman, while Mr. Pawley is going on with his grandstanding here in what he called his "fluff", may I just say that there were a couple of things that were stated that ought not to be left on the record as such. He referred to denials that were issued by myself at the last meeting and then became revelations because of comments by Mr. Brown, I guess, who was a former member of the board. Also he referred to being misled. Mr. Chairman, this committee has probably given more information and tried to be more helpful, both from the Hydro point of view and by people who were not in any way involved at the time of the matter being discussed; they bent over backwards to try and be helpful even to at one point to undertake a responsibility that went far beyond their real responsibility to do. Mr. Brown as a former board member volunteered as much information as he could at the committee last day in a very unusual way. The committee was left wide open to hear this, quite frankly a practice that would not have been condoned by the former government. The answers that I have given to the questions on this matter I think last day have been corroborated and if they haven't been I have no doubts about the fact that they will be or can be. There have been no denials that have turned out to be otherwise. The committee has not in any way been misled.

So I suggest that we deal with the motion, it's not again a motion that is acceptable in general terms to the committee. We're here to hear the Hydro Report for the year ending March 31, 1980. There are matters within the report that members will probably want to address. There are questions that are current that members have an interest in with regard to the utilities, activities in the province that they'll want to ask. I suggest we deal with the motion and move on to the report.

**MR. ARNOLD BROWN:** Mr. Chairman, I'm rather disturbed by the allegations that are coming forward. There are questions that are not being answered fully. I know that Mr. Blachford and Mr. Kristjanson and the Minister have been trying to answer these questions as fully as they possibly could. However some of these questions which have been asked have been impossible to answer because they have not been based on fact. The Member for St. Vital himself said that we hear things and on the basis of that he is asking questions. Now these questions have not been based on fact and whatever could be answered has been answered and fully. I very much

resent the fact that they're trying to tell us that Mr. Kristjanson and Mr. Blachford have not been answering questions fully; they have been answering questions fully.

**MR. CHAIRMAN:** Are we ready for Mr. Pawley's motion? Do members of the committee want the motion read?

The Member for Rossmere, Mr. Schroeder.

**MR. VIC SCHROEDER:** Thank you, Mr. Chairman. I admit to not having been here throughout the hearings but it seems to me that some of the statements we've just heard bear some consideration. The Member for Rhineland says that all answers have been given to all questions. If that was in fact the case then we wouldn't have the motion presently before this committee. The fact of the matter is that certain questions are not being answered because, on the one hand, the people appearing before the committee are saying they don't have the answers; on the other hand, they are saying we are not prepared to provide the answers and that is the problem. The problem is that they are not prepared to go and get the information from the solicitor who was involved. It seems to me that it should not be a question of having a former solicitor come up to a client and say please release me from my client-solicitor privilege; it should be the other way around. But a public body such as Hydro with an issue and a cloud such as this, it should be Hydro going to the solicitor and saying please tell the public what happened. We don't expect you to come to us and say please release me. We expect that it will be us coming to the solicitor saying please we want all the facts out on the table. If the Minister and the Member for Rhineland are correct in saying that all of the facts are coming out on the table, then I would suggest that we wouldn't be here discussing this.

The Minister also mentioned that the committee in some way had done something that no other government would have done; that is, to allow a former member of the Board to address the committee. I would suggest that in my short term in the Legislature I have never known a legislative committee to refuse to allow a member of the committee or a member of the Legislature to address that committee. It seems to me to be an astounding statement of principle by the Minister to suggest that he would muzzle, or even think about muzzling, his own backbenchers in speaking with respect to this entire issue of exactly what did and what did not occur. These are important issues. They're issues that many of us recall back to 1975 to 1977 when our now Premier was running up and down the province making all kinds of irresponsible and inaccurate accusations about what was happening with Hydro and this commission was a continuation of that. This Minister, when he got a legal opinion apparently indicating that there was something wrong legally with the commission, simply refused to act on it. That is what it appears. If it is not the case then we should have that information.

Surely if he got that kind of information at that time his responsibility was to get another legal opinion if he didn't agree with this one to see whether possibly there was something in it. But surely you don't just disagree with a legal opinion because you don't like it politically and thrust it aside

and move on to the next issue. I would hope that members of the committee would support this resolution put forward by my leader.

**MR. CHAIRMAN:** Are we ready for the question? Mr. Craik.

**MR. CRAIK:** Mr. Chairman, Mr. Schroeder is certainly right on one point and that is that he was not here for the preceding discussion and he's reflected that.

**MR. CHAIRMAN:** Are we ready now for the question? Mr. Pawley.

**MR. PAWLEY:** Mr. Chairman, very very briefly. Mr. Brown made a comment that he felt we had received all the answers that we were seeking. I won't say amused but I have found myself rather startled by Mr. Brown's comment. We wouldn't have even found out what Mr. Brown had to offer. The Minister didn't jump in to tell us when we received the response from the Chairman and from the Manager. If it hadn't been for Mr. Brown we wouldn't even have got out the slightest, the tiniest bit of information during these precedings. Fortunately after Mr. Brown spoke out, other former members have been speaking out and have given us much more information but not before this body, but through reports, through the media. So I don't know how Mr. Brown, of all people, can suggest that we received all the information we were seeking. If it wasn't for Mr. Brown, as I say, we wouldn't have received the slightest bit of information. The stone wall would have been effective, deliberately or not deliberately. Mr. Kristjanson didn't know otherwise. Maybe he was depending solely upon the files. But I must say if you don't want to find information you just dig through lots of files and don't contact the people that know the answers, avoid them like the plague; appears to have been what is taking place here. So if it wasn't for Mr. Brown we wouldn't have even received the slightest bit of information Tuesday.

Unfortunately, in addition to Mr. Brown, others have spoken out so we now have more information. It can only be dealt with again, going to be repetitious, before this committee. The government has seen fit, through their majority, to vote down what I suggest was a reasonable request. They have the majority; they have the numbers; they can vote down any request, any resolution before this committee; they can ensure that information is not going to be openly available to members of this committee by simply using their majority and that is what is taking place. We have now a resolution, Mr. Chairman, that to us is of the most serious nature. It involves statements by the Minister responsible for Hydro; statements wittingly or unwittingly grossly mislead members of this committee. The House is the only body that can deal with those statements; we can't deal with those statements in this committee, that's why the motion that this committee now adjourn so matters pertaining to the statements by the Minister be dealt with in the proper forum.

**A COUNTED VOTE WAS TAKEN** the result being as follows:

Yeas: 4; Nays: 6.

**MR. CHAIRMAN:** The Motion is defeated. Can we now get on with the report on a page-by-page basis?

Mr. Pawley.

**MR. PAWLEY:** Mr. Chairman, the opposition has no desire to continue to deal with this report until such time as we've been able to deal with the stonewalling that is taking place, the grossly misleading statements that have been uttered in this committee and by the obvious cover-up. For that reason, Mr. Chairman, the members of the opposition will be withdrawing from the balance of this committee.

**MR. CHAIRMAN:** Mr. Kovnats, could we have a motion maybe from you that we adopt the Annual Report of the Hydro-Electric Board?

**MR. KOVNATS:** Mr. Chairman, I move that the 29th Annual Report for the Manitoba Hydro-Electric Board ending March 31, 1980 be adopted as distributed.

**MR. CHAIRMAN:** Mr. Craik.

**MR. CRAIK:** Mr. Chairman, we do have to have that motion. I wonder before you put the question, I know there are a few things that may be of importance to some of the members. I know that Hydro has been carrying on some fairly extensive studies and negotiations on the east side of Lake Winnipeg along with Indian Affairs for the introduction of electrical supply into those parts of the province. I think those kinds of issues perhaps ought to be pinpointed, at least Hydro given an opportunity to advise the public of what is progressing.

I wonder if I could ask Mr. Blachford a question on that.

**MR. CHAIRMAN:** Mr. Blanchford.

**MR. BLANCHFORD:** Yes. We've been discussing with the Department of Indian Affairs at least since the middle of last year about the possibility of getting funding from them for electrifying the five settlements on the east side of Lake Winnipeg up to Poplar River. We now have a five-year program for effecting this. It has been initialled by both Hydro and by the Department of Indian Affairs and Indian Affairs is undertaking to go back to the Treasury Board in Ottawa to obtain 50 percent of the funding. This is approximately a \$17 million project by the time it will be finished in five years and both Hydro and Indian Affairs are optimistic that this will go forward later this year.

Our estimates show that, I believe within two years after the project is completed, it will start reducing the contribution that is made by other Manitoba Hydro customers to supplying the diesel electricity that is now being supplied at those points.

**MR. KRISTJANSON:** Mr. Chairman, there were a number of questions asked. Manitoba Hydro was asked to provide the information on a number of things including the reserve question. Once having asked the questions there didn't appear to be a continuing interest in the information. But I would suggest to you, Mr. Chairman, that information could be provided now or we'd like to assure the committee that the information will be provided on request.

**MR. CHAIRMAN:** Perhaps Mr. Kristjanson what we could have you do is write the various members that asked those questions and send the answers to them.

**MR. KRISTJANSON:** We can do it in any way the committee wishes but we did prepare answers and they are available to those who wish to have the information.

**MR. CHAIRMAN:** Any further discussion? Mr. Kovnats has a motion that we adopt the Annual Report.

**MR. CRAIK:** Mr. Chairman, I do want to put on the record a final comment that I think it's irresponsible of the opposition to leave in their entirety when there were pressing questions and issues that were before the committee. There was a question last year at great length over the costs and savings with regard to Lake Winnipeg Regulation. One would have expected that they may have come back and wanted an update on what was a fairly major discussion last year. That has not occurred. Many of the constituencies that they serve particularly, and the one that's referred to on the east side of Lake Winnipeg, has not been addressed in this public forum where MLAs should be coming to get information.

The work on the Nelson River and the possibility of that starting, regenerating, on the Nelson River again, very germane to parts of the province that where they have MLAs representing there are no questions, no interest being shown. I think their exit is extremely childish and it's irresponsible to the taxpayers.

**MR. CHAIRMAN:** Are we now ready for Mr. Kovnats' motion.

Mr. McGregor.

**MR. MORRIS MCGREGOR (Virden):** Just one question. It was sort of opened up last Friday I thought by a member across the table and maybe touched on our last day. As I haven't sat on this committee for many many years, I could think back to probably Don Stevenson, it's probably my ignorance, but what does Manitoba Hydro pay the Treasury of Manitoba, that is, for the rights to use that water? Is there a fee there?

**MR. CHAIRMAN:** Mr. Blachford or Mr. Kristjanson.

**MR. KRISTJANSON:** Mr. Chairman, yes, there is a fee and Mr. Blachford I believe has the actual figures which I understood members wanted to have.

**MR. CHAIRMAN:** Mr. Blachford.

**MR. BLACHFORD:** I am understanding you're referring to water rentals. In a median flow year we would expect to pay to the Provincial Treasury somewhere in the order of \$10 million at the current rate of usage.

**MR. MCGREGOR:** Thank you, Mr. Chairman, the other follow-up. I sort of thought and maybe again, that was the responsibility of Ottawa, all navigable waters or something to that extent. Maybe that came

in many years ago when this whole Hydro exploration or extension was part of a package deal because I was unaware till it was brought up and I now realize that we as users, are kind of paying a double tax. I don't want in any way to attack this administration and it's not meant that way because that has no doubt been the fact of the past bureaucrats many years ago that this came in. I don't know where I'd find it in this book or is it shown in an item where I could see it? If someone asked me that, up to this very moment I've been kind of embarrassed to answer it because I wouldn't have thought that to be a fact. So I just thank you, Mr. Chairman, if that supplement isn't answered, I feel that you have answered the key one that the users are really paying double tax.

**MR. CHAIRMAN:** Mr. Kovnats.

**MR. KOVNATS:** I would just like to make one final remark, Mr. Chairman. I was sort of reminiscing from when I was a young lad and when we used to play games in the field behind the house there. I guess I was a little bit more affluent than others and we used to have to bring our own balls when we were playing football and I can recall so vividly, when I didn't like what was happening I would take my ball, I would go home and the game would be over. I would just like to make a remark, I think it was very foolish and childish of the Opposition to take their ball and go home because they're not going to win that way.

**MR. CHAIRMAN:** The motion by Mr. Kovnats before us is that the Annual Report be adopted. All in favour? (Agreed). Moved by Mr. Brown that committee rise.  
Committee rise.